

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	:	CRIMINAL NO.
	:	
v.	:	DATE FILED:
	:	
GEORGE CAPELL	:	VIOLATIONS: 18 U.S.C. § 1343
PATRICK BUTTERY	:	(Wire fraud -
	:	27 counts)
	:	18 U.S.C. § 1341
	:	(Mail fraud -
	:	8 counts)
	:	18 U.S.C. § 1957
	:	(Money laundering -
	:	7 counts)
	:	18 U.S.C. § 982
	:	(Criminal forfeiture)

INDICTMENT

COUNTS ONE THROUGH NINETEEN

WIRE FRAUD

THE GRAND JURY CHARGES THAT:

At all times material to this Indictment:

THE DEFENDANTS AND THE CORPORATIONS

_____1. Defendant GEORGE CAPELL owned and operated two corporations, described below, involved in the sale of computers and related merchandise: Computer Personalities Systems, Incorporated (hereinafter “CPSI”), and the Direct 2 U Network, Incorporated (hereinafter “D2U”).

2. Defendant PATRICK BUTTERY served as the Chief Financial Officer for CPSI beginning in or about October 1999. Prior to becoming the Chief Financial Officer for CPSI, defendant PATRICK BUTTERY acquired a masters degree in finance and worked in the computer industry.

3. CPSI, which did business as Video Computer Store (hereinafter "VCS"), was created on or about November 18, 1991. Defendant GEORGE CAPELL was the sole shareholder and president of CPSI. Defendant PATRICK BUTTERY was the chief financial officer for CPSI. CPSI was in the business of selling computers and computer-related merchandise and services to consumers across the country by advertising through infomercials broadcasted on various cable networks, the internet website of VCS, and a retail VCS building. Typically, CPSI solicited orders from consumers placed over the telephone to CPSI sales representatives, or through the internet. Consumers would pay CPSI for their orders through personal checks or money orders, credit cards, or financing offered through CPSI in conjunction with a financing institution. CPSI consisted of a central office, warehouse and call center located in Pipersville, Pennsylvania, as well as at various times an accounting office in Doylestown, Pennsylvania and another call center in Warminster, Pennsylvania. All of the CPSI buildings and the residence of defendant GEORGE CAPELL were located in Bucks County, Pennsylvania.

4. D2U was created on or about September 12, 1995. Defendant GEORGE CAPELL was its sole shareholder and president. D2U was in the business of producing infomercials featuring defendant GEORGE CAPELL and computers and computer-related merchandise and services offered by CPSI to consumers. D2U also was in the business of buying through third-parties air time on various cable networks in order to broadcast these infomercials.

D2U consisted of a television studio office in Pipersville, Pennsylvania, located adjacent to the central office and warehouse of CPSI, and a media sales office in Encino, California.

THE SCHEME TO DEFRAUD

5. From in or about September 1999 through on or about March 23, 2001, in the Eastern District of Pennsylvania and elsewhere, defendants

GEORGE CAPELL
and
PATRICK BUTTERY

devised and intended to devise a scheme to defraud thousands of individual consumers from across the country, and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS OF EXECUTING THE SCHEME

It was part of the scheme that:

6. The defendants GEORGE CAPELL and PATRICK BUTTERY, through fraud and misrepresentations to consumers, caused millions of dollars of losses.

7. To attempt to obtain for CPSI more money, gross sales and market share, defendant GEORGE CAPELL made and caused to be made false representations to consumers regarding CPSI's merchandise, services and financial incentives.

8. To attempt to maintain the ability of CPSI to continue in business, defendant GEORGE CAPELL directed his employees to respond to the complaints of consumers who complained to the Federal Trade Commission ("FTC") and various state Attorney Generals, those consumers referred to as "hot tamales" or "screamers" at CPSI, and to ignore or delay responses to other consumer complaints.

9. During various infomercials broadcasted on cable networks across the country, on the VCS internet website, and through the CPSI customer service department, defendant GEORGE CAPELL represented, and caused to be represented, the following:

(a) Consumers were told that computers and computer-related merchandise which they ordered would be received within a particular period of time following their order, usually ranging from two to six weeks, when as defendant GEORGE CAPELL well knew, many consumers would not receive their orders until much later than promised, and many other customers would not receive their computers at all.

(b) Consumers were told that they would receive the computers and computer-related merchandise for which they had paid, when as defendant GEORGE CAPELL well knew, many consumers would not receive all or even any of the merchandise for which they had paid, or would receive merchandise different than what actually had been ordered, without their permission.

(c) Consumers were told that the purchase price for computers and computer-related merchandise included readily available technical support, when as defendant GEORGE CAPELL well knew, most consumers, including those who received faulty merchandise, would not receive any technical support whatsoever.

(d) Consumers were told that computers and computer-related merchandise which did not function properly could be returned for repair or replacement, when as defendant GEORGE CAPELL well knew, many consumers who received faulty merchandise would not receive repaired or replaced merchandise.

(e) Consumers were told that they could return their merchandise and receive refunds, when as defendant GEORGE CAPELL well knew, he and defendant PATRICK BUTTERY would prevent employees of CPSI from paying refunds to most of the consumers who had requested refunds.

(f) Consumers were told that they could take advantage of a 30-day money-back guarantee, when as defendant GEORGE CAPELL well knew, he and defendant PATRICK BUTTERY would not honor the 30-day money-back guarantee for many consumers.

(g) Starting no later than in or about January 2001, consumers ordering computers and computer related merchandise were told they could receive a \$100 discount if they paid for their order through a money order or check, when as defendant GEORGE CAPELL well knew, many consumers who paid through money order or check in fact never would receive any such discount.

(h) Consumers were told that if they ordered computers and computer-related merchandise from CPSI they would receive a CPSI rebate, usually \$100 in addition to manufacturers' rebates, when as defendant GEORGE CAPELL well knew, many consumers would not receive these rebates, and many also would be unlikely to receive promised rebates from the manufacturers.

10. Defendants GEORGE CAPELL and PATRICK BUTTERY prevented employees of CPSI from:

- (a) paying refunds to many consumers;
- (b) honoring the 30-day money-back guarantee to many consumers; and

- (c) paying Continental Promotions Group, Inc. (hereinafter “Continental”), a company retained by CPSI to process rebates offered to consumers by defendant GEORGE CAPELL and CPSI, up to at least approximately \$848,000 for rebates requested by consumers who had purchased merchandise from CPSI; and
- (d) paying additional rebates promised by defendant GEORGE CAPELL and CPSI to consumers, and which were intended to be processed by CPSI employees.

11. On or about each of the dates set forth below, in the Eastern District of Pennsylvania and elsewhere, the defendants

GEORGE CAPELL
and
PATRICK BUTTERY

for the purpose of executing the scheme described above, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

<u>COUNT</u>	<u>DATE</u>	<u>DESCRIPTION</u>
1	September 16, 1999	Order of approximately \$1,991 for computer and computer-related merchandise, placed from Gardnerville, NV by C.N., a person known to the grand jury, over the telephone to CPSI, in Bucks County, PA
2	November 24, 1999	Order of approximately \$1,967 for computer and computer-related merchandise, placed from Panama City, FL by J.B., a person known to the grand jury, over the telephone to CPSI, in Bucks County, PA

3	December 21, 1999	Order of approximately \$1,892 for computer and computer-related merchandise, placed from Sangerville, Maine by J.C., a person known to the grand jury, through electronic mail to CPSI, in Bucks County, PA
4	January 19, 2000	Order of approximately \$2,067 for computer and computer-related merchandise, placed from Concord, Ohio by J.H., a person known to the grand jury, over the telephone to CPSI, in Bucks County, PA
5	March 17, 2000	Order of approximately \$1,991 for computer and computer-related merchandise, placed from East Debuque, IL by S.L., a person known to the grand jury, over the telephone to CPSI, in Bucks County, PA
6	April 22, 2000	Order of approximately \$2,190 for computer and computer-related merchandise, placed from New Iberia, LA by B.C., a person known to the grand jury, over the telephone to CPSI, in Bucks County, PA
7	May 28, 2000	Order of approximately \$2,395 for computer and computer-related merchandise, placed from Chillicothe, Ohio by R.D., a person known to the grand jury, over the telephone to CPSI, in Bucks County, PA
8	August, 2000	Order of approximately \$2,450 for computer and computer-related merchandise, placed from San Juan Capistrano, CA by C.B., a person known to the grand jury, over the telephone to CPSI, in Bucks County, PA
9	September 12, 2000	Order of approximately \$2,270 for computer and computer-related merchandise, placed from Vestale, NY by C.C., a person known to the grand jury, over the telephone to CPSI, in Bucks County, PA

10	September 13, 2000	Order of approximately \$2,744 for computer and computer-related merchandise, placed from Hales-Corners, WI by L.B., a person known to the grand jury, over the telephone to CPSI, in Bucks County, PA
11	September 22, 2000	Order of approximately \$3,344 for computer and computer-related merchandise, placed from Lena, IL by D.C., a person known to the grand jury, over the telephone to CPSI, in Bucks County, PA
12	September 28, 2000	Order of approximately \$1,972 for computer and computer-related merchandise, placed from Burtonville, MD by L.W., a person known to the grand jury, over the telephone to CPSI, in Bucks County, PA
13	October 1, 2000	Order of approximately \$2,270 for computer and computer-related merchandise, placed in Virginia Beach, VA by M.W., a person known to the grand jury, over the telephone to CPSI, in Bucks County, PA
14	October 15, 2000	Order of approximately \$1,972 for computer and computer-related merchandise, placed from Tualatin, OR by K.F., a person known to the grand jury, over the telephone to CPSI, in Bucks County, PA
15	October 17, 2000	Order of approximately \$2,127 for computer and computer-related merchandise, placed from Attica, New York by S.M., a person known to the grand jury, through electronic mail to CPSI, in Bucks County, PA
16	October 24, 2000	Order of approximately \$2,247 for computer and computer-related merchandise, placed from Fayetteville, GA by T.C., a person known to the grand jury, through electronic mail to CPSI, in Bucks County, PA
17	November 7, 2000	Order of approximately \$2,072 for computer

and computer-related merchandise, placed from Shreveport, LA by J.C., a person known to the grand jury, over the telephone to CPSI, in Bucks County, PA

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|----|-------------------|--|
| 18 | January 9, 2001 | Order of approximately \$1,796 for computer and computer-related merchandise, placed from Jackson, MI by R.S., a person known to the grand jury, over the telephone to CPSI, in Bucks County, PA |
| 19 | February 13, 2001 | Order of approximately \$2,095 for computer and computer-related merchandise, placed from Church Road, VA by M.T., a person known to the grand jury, over the telephone to CPSI, in Bucks County, PA |

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS TWENTY THROUGH TWENTY-TWO

WIRE FRAUD

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-4 and 6-10 of Counts One through Nineteen are incorporated here.
2. From in or about September 1999 through on or about March 23, 2001, in the Eastern District of Pennsylvania and elsewhere, the defendants

GEORGE CAPELL
and
PATRICK BUTTERY

devised and intended to devise a scheme to defraud financial companies, including MBNA, Fleet Bank and NOVA Information Systems, Inc., and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS OF EXECUTING THE SCHEME

It was part of the scheme that:

3. The defendants GEORGE CAPELL and PATRICK BUTTERY, through fraud and misrepresentations to financial companies who did business with CPSI and D2U, caused at least \$20 million of losses.
4. To attempt to maintain the ability of CPSI to continue in business and to attempt to force other commercial entities to bear the financial burden of CPSI's cost of doing business, defendant GEORGE CAPELL and PATRICK BUTTERY made and caused to be made false representations to financial companies about the nature and business practices of CPSI and D2U, and the ability of CPSI to make payments owed.

MBNA

5. From in or about September 1999 through on or about March 7, 2001, CPSI maintained a consumer financing arrangement with MBNA in which MBNA provided installment financing to consumers who ordered merchandise from CPSI. Under this arrangement, defendants GEORGE CAPELL and PATRICK BUTTERY caused MBNA to forward to CPSI funds equal to the purchase price shortly after the order was placed, knowing that in many instances CPSI would fail to ship the order within the required delivery time, would fail to deliver the order at all, would deliver faulty products, or would refuse to credit customers as promised.

6. Due to voluminous consumer complaints involving CPSI orders, MBNA cancelled financing agreements with consumers who had purchased CPSI merchandise but who had not received all or part of their computer, had received a faulty computer or had not received a credit for cancelled orders. As a result, MBNA lost approximately \$12,980,000, funds which MBNA had already paid CPSI but would not receive from the consumers due to the cancellation of the financing agreements.

7. In or about August 2000, and in an effort to maintain this financing arrangement with MBNA and the ability of CPSI to continue to receive significant orders from consumers, defendants GEORGE CAPELL and PATRICK BUTTERY falsely represented and caused to be falsely represented to MBNA that CPSI would stop its improper practice of billing consumers before the merchandise ordered by consumers was shipped, knowing CPSI would not stop this practice for more than a few weeks.

8. In an effort to maintain this financing arrangement with MBNA and the ability of CPSI to continue to receive significant orders from consumers, defendants GEORGE CAPELL and PATRICK BUTTERY falsely represented and caused to be falsely represented to MBNA that CPSI would pay substantial debts owed by CPSI to MBNA, knowing full well that it would not and could not fulfill this promise.

FLEET BANK

9. From in or about September 1999 through on or about January 12, 2001, Fleet Bank (hereinafter “Fleet”) acted as a credit card processor for CPSI, which enabled CPSI customers to use their credit cards to make purchases from CPSI. Fleet was a financial institution, the deposits of which were insured by the Federal Deposit Insurance Corporation. For each CPSI customer, Fleet credited to CPSI the amount of the purchase, minus certain fees.

10. Consumers who did not receive merchandise ordered from CPSI, or who cancelled orders from CPSI and did not receive a credit from CPSI, disputed their credit card statements, which put their credit card accounts into “charge back” status. Due to excessive charge backs, Visa placed CPSI in a monitoring program for high risk merchants in or about May 1999.

11. At various times between in or about February 2000 and in or about January 2001, defendants GEORGE CAPELL and PATRICK BUTTERY, in an effort to continue doing business with Fleet, and to maintain the ability of CPSI to continue to receive significant orders from consumers who wished to pay with credit cards, falsely represented and caused to be falsely represented to Fleet that CPSI would stop its wrongful practice of billing consumers before the merchandise ordered by consumers was shipped, and that CPSI would promptly credit the accounts of consumers returning and cancelling computer systems. At the time these assurances

were made, defendants GEORGE CAPELL and PATRICK BUTTERY knew that CPSI, in almost all instances, continued to bill customers before computers were shipped and did not promptly process credits for customers who were returning and cancelling their orders. As a result of Fleet's reliance on these misrepresentations, Fleet continued its financial arrangement with CPSI, causing Fleet to lose at least \$6,000,000 in charge backs for consumer transactions in which Fleet had already paid CPSI.

NOVA

12. In or about August 2000, defendants GEORGE CAPELL and PATRICK BUTTERY, knowing that Fleet was likely to terminate the CPSI merchant account, applied to NOVA Information Systems, Inc. (hereinafter "NOVA"), a processor of credit card transactions, to open a merchant account for D2U. At the time this application was made, defendants GEORGE CAPELL and PATRICK BUTTERY knew that CPSI likely would not be approved for a new credit card merchant account due to the financial condition of CPSI and its negative dealings with other financial companies and vendors.

13. On or about August 25, 2000, defendant GEORGE CAPELL caused an application for a merchant account to be submitted to NOVA which falsely stated that D2U was engaged in the sale of computers, knowing that D2U did not sell computers, but rather was being used to process the credit card sales of computers by CPSI.

14. Consumers who did not receive merchandise ordered from CPSI, or who cancelled orders from CPSI and did not receive a credit from CPSI, disputed their credit card statements, which put their credit card accounts into charge back status. As a result of CPSI

customer charge backs to the D2U merchant account, NOVA lost at least \$6,000,000 it had already paid CPSI.

15. On or about each of the dates set forth below, in the Eastern District of Pennsylvania and elsewhere, the defendants

GEORGE CAPELL
and
PATRICK BUTTERY

for the purpose of executing the scheme described above, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

<u>COUNT</u>	<u>DATE</u>	<u>DESCRIPTION</u>
20	April 12, 2000	Letter from defendant PATRICK BUTTERY to A.B., a person known to the grand jury, sent through facsimile from in Pipersville, PA to in Providence, RI, regarding claimed improvements in the amount of "chargebacks" involving CPSI and Fleet Bank
21	August 15, 2000	Letter from E.F., the Vice-President of CPSI, a person known to the grand jury, to L.C., a person known to the grand jury, sent through facsimile from in Pipersville, PA to in Wilmington, DE, representing to MBNA that CPSI would not bill consumers until CPSI first had shipped to consumers a computer monitor and central processing unit
22	March 12, 2001	Letter dated March 14, 2001 from D.K., the controller of D2U, a person known to the grand jury, to C.L., sent through facsimile from in Pipersville, PA to in Knoxville, TN, providing information to support application for an additional merchant account from NOVA for D2U

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS TWENTY-THREE THROUGH TWENTY-SEVEN

WIRE FRAUD

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-4 and 6-10 of Counts One through Nineteen, and paragraphs 3-14 of Counts Twenty through Twenty-Two, are incorporated here.
2. From in or about September, 1999 through on or about March 23, 2001, in the Eastern District of Pennsylvania and elsewhere, the defendants

GEORGE CAPELL
and
PATRICK BUTTERY

devised and intended to devise a scheme to defraud suppliers of products and services, including Aspect Computers, Inc., Everex Systems, Inc., Ingram Micro, Inc., and Ocean Communications, Inc., and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS OF EXECUTING THE SCHEME

It was part of the scheme that:

3. The defendants GEORGE CAPELL and PATRICK BUTTERY, through fraud and misrepresentations to suppliers of products and services who did business with CPSI and D2U, caused at least \$10 million of losses.
4. To attempt to maintain the ability of CPSI to continue in business and to attempt to force other commercial entities to bear the financial burden of CPSI's cost of doing business,

defendant GEORGE CAPELL and PATRICK BUTTERY made and caused to be made false representations to suppliers regarding CPSI's financial condition and the ability of CPSI and D2U to make payments owed.

SUPPLIERS OF MERCHANDISE

5. Defendants GEORGE CAPELL and PATRICK BUTTERY, knowing that vendors who had supplied CPSI in the past had stopped shipping computers and computer-related supplies to CPSI because CPSI had not paid for merchandise shipped by those vendors, did the following:

- a. Falsely promised to pay computer vendors, including Aspect Computers, Inc., Ingram Micro, Inc., Everex Systems, Inc. and Micron, PC within a reasonable time after computers were shipped by the vendors, knowing that CPSI in fact would not pay vendors, or would only pay them a fraction of vendor invoices.
- b. Despite having received full payment from a substantial portion of consumers ordering merchandise, would cause CPSI to delay payments to vendors for months, refuse to pay vendors at all, and pay vendors with checks which were written on insufficient funds, causing vendors to lose in excess of \$10,000,000.
- c. Falsely blame the failure of CPSI to deliver computers and computer-related equipment on various vendors, knowing that those vendors in fact had not been paid because CPSI had withheld payment from them.

OCEAN COMMUNICATIONS

6. From in or about September 1999 through in or about March 2001, defendants GEORGE CAPELL and PATRICK BUTTERY caused D2U to maintain a business relationship

with Ocean Communications, Inc. (hereinafter "Ocean"), in which Ocean purchased air time from cable networks across the country on behalf of D2U, which in turn broadcast the infomercials which advertised and sold CPSI merchandise to the public.

7. At various times from in or about the Summer of 2000 through in or about March 2001, defendants GEORGE CAPELL and PATRICK BUTTERY induced Ocean to advance payment to vendors of air time for D2U by falsely representing that D2U would pay for that air time in the future, knowing that D2U would not pay for all of the air time bought by Ocean from cable networks on behalf of D2U. At other times, defendants GEORGE CAPELL and PATRICK BUTTERY avoided payment to Ocean by falsely claiming air time had not been provided. As a result of these practices, Ocean lost approximately \$2,300,000 of monies it had advanced on D2U's behalf.

8. On or about each of the dates set forth below, in the Eastern District of Pennsylvania and elsewhere, the defendants

**GEORGE CAPELL
and
PATRICK BUTTERY**

for the purpose of executing the scheme described above, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

<u>COUNT</u>	<u>DATE</u>	<u>DESCRIPTION</u>
23	February 23, 2000	Agreement regarding payment terms, signed by defendant PATRICK BUTTERY, sent by facsimile from in Bucks County, PA to Fremont, CA, establishing initial terms for payment by CPSI to Everex Systems, Inc.

- 24 November 15, 2000 Electronic mail from M.S., a person known to the grand jury, to E.Y., a person known to the grand jury, sent from in Bucks County, PA to Fremont, CA, regarding delay in credit card settlement involving CPSI and Everex Systems, Inc.
- 25 November 16, 2000 Letter dated November 16, 2000 from defendant PATRICK BUTTERY, sent to J.C., a person known to the grand jury, through facsimile from in Pipersville, PA to Williamsville, NY, stating that it was the intention of CPSI to pay Ingram Micro for computers received by CPSI from Ingram Micro within 35 to 40 days of invoicing
- 26 December 15, 2000 Electronic mail from defendant GEORGE CAPELL to W.B., a person known to the grand jury, sent from in Bucks County, PA to New Jersey, stating that Aspect Computers, Inc. had failed to deliver to CPSI computers for which defendants GEORGE CAPELL and PATRICK BUTTERY had promised to pay
- 27 January 17, 2001 Electronic mail from defendant GEORGE CAPELL to T.M., a person known to the grand jury, sent from in Bucks County, PA to West Palm Beach, FL, stating that D2U would not pay Ocean for airtime acquired on behalf of D2U until problems regarding infomercials were resolved to the satisfaction of defendant GEORGE CAPELL

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS TWENTY-EIGHT THROUGH THIRTY-FIVE

MAIL FRAUD

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-4 and 6-10 of Counts One through Nineteen, and paragraphs 3-14 of Counts Twenty through Twenty-Two, and paragraphs 3-7 of Counts Twenty-Three through Twenty-Seven, are incorporated here.

2. From in or about September, 1999 through on or about March 23, 2001, in the Eastern District of Pennsylvania and elsewhere, the defendants

GEORGE CAPELL
and
PATRICK BUTTERY

devised and intended to devise a scheme to defraud thousands of individual consumers from across the country, and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

3. It was part of the scheme that, as explained in paragraphs 6 to 10 of Counts One through Nineteen above, defendants **GEORGE CAPELL** and **PATRICK BUTTERY** defrauded consumers by making and causing to be made a variety of ongoing false representations, including false representations regarding the ability of CPSI to provide merchandise, services and financial incentives to the public, and by causing employees of CPSI to not pay refunds to consumers, not honor 30-day warranties to consumers, and not pay rebates promised to consumers.

4. On or about each of the dates set forth below, in the Eastern District of Pennsylvania and elsewhere, the defendants

GEORGE CAPELL
and
PATRICK BUTTERY

for the purpose of executing the scheme described above and attempting to do so, and aiding and abetting its execution, knowingly caused to be delivered by mail according to the directions thereon the mailings described below for each count, each mailing constituting a separate count:

<u>COUNT</u>	<u>DATE</u>	<u>DESCRIPTION</u>
28	November 30, 2000	Check for approximately \$1,972 for computer and computer-related merchandise, mailed from Essexville, MI by T.K., a person known to the grand jury, to CPSI, in Bucks County, PA
29	January 3, 2001	Check for approximately \$2,071 for computer and computer-related merchandise, mailed from Seattle, WA by A.L., a person known to the grand jury, to CPSI, in Bucks County, PA
30	January 8, 2001	Check for approximately \$1,995 for computer and computer-related merchandise, mailed from Cape Coral, FL by R.P., a person known to the grand jury, to CPSI, in Bucks County, PA
31	January 4, 2001	Check for approximately \$2,201.26 for computer and computer-related merchandise, mailed from Philadelphia, PA by C.W., a person known to the grand jury, to CPSI, in Bucks County, PA
32	January 14, 2001	Check for approximately \$2,170 for computer and computer-related merchandise, mailed from Antioch, IL by G.D., a person known to the grand jury, to CPSI, in Bucks County, PA
33	January 16, 2001	Check for approximately \$2,150 for computer and computer-related merchandise, mailed from Tully, NY by B.S., a person known to the grand jury, to CPSI, in Bucks County, PA

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| 34 | February 15, 2001 | Check for approximately \$2,170 for computer and computer-related merchandise, mailed from Phillips, WI by T.S., a person known to the grand jury, to CPSI, in Bucks County, PA |
| 35 | March 15, 2001 | Check for approximately \$2,170 for computer and computer-related merchandise, mailed from Brandon, FL by W.K., a person known to the grand jury, to CPSI, in Bucks County, PA |

All in violation of Title 18, United States Code, Sections 1341 and 2.

COUNT THIRTY-SIX

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-4 and 6-10 of Counts One through Nineteen, and paragraphs 3-14 of Counts Twenty through Twenty-Two, and paragraphs 3-7 of Counts Twenty-Three through Twenty-Seven, are incorporated here.

2. On or about February 12, 2000, in the Eastern District of Pennsylvania and elsewhere, defendant

GEORGE CAPELL

knowingly engaged in and attempted to engage in a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, the payment of \$34,377.02 towards the purchase of a 2000 Dodge Durango, VIN no. 1B4HS28N9YF153913, through check number 1028, drawn on Premier Bank account number 00-201807-5, and such property was derived from a specified unlawful activity, that is, wire fraud, in violation of Title 18, United States Code, Section 1343, and mail fraud, in violation of Title 18, United States Code, Section 1341.

In violation of Title 18, United States Code, Section 1957.

COUNT THIRTY-SEVEN

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-4 and 6-10 of Counts One through Nineteen, and paragraphs 3-14 of Counts Twenty through Twenty-Two, and paragraphs 3-7 of Counts Twenty-Three through Twenty-Seven, are incorporated here.

2. On or about September 28, 2000, in the Eastern District of Pennsylvania and elsewhere, defendant

GEORGE CAPELL

knowingly engaged in and attempted to engage in a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, the payment of \$67,145.39 towards the purchase of a 1967 Chevrolet Corvette, VIN no. 194677S111712, through check number 1029, drawn on Premier Bank account number 00-201807-5, and such property was derived from a specified unlawful activity, that is, wire fraud, in violation of Title 18, United States Code, Section 1343, and mail fraud, in violation of Title 18, United States Code, Section 1341.

In violation of Title 18, United States Code, Section 1957.

COUNT THIRTY-EIGHT

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-4 and 6-10 of Counts One through Nineteen, and paragraphs 3-14 of Counts Twenty through Twenty-Two, and paragraphs 3-7 of Counts Twenty-Three through Twenty-Seven, are incorporated here.

2. On or about November 29, 2000, in the Eastern District of Pennsylvania and elsewhere, defendant

GEORGE CAPELL

knowingly engaged in and attempted to engage in a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, the payment of \$164,000 towards the purchase of approximately 17.93 acres of property adjacent to the residence of defendant **GEORGE CAPELL**, located at 4970 Durham Road, Gardenville, Pennsylvania, through check number 1071, drawn on Premier Bank account number 00-201807-5, and such property was derived from a specified unlawful activity, that is, wire fraud, in violation of Title 18, United States Code, Section 1343, and mail fraud, in violation of Title 18, United States Code, Section 1341.

In violation of Title 18, United States Code, Section 1957.

COUNT THIRTY-NINE

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-4 and 6-10 of Counts One through Nineteen, and paragraphs 3-14 of Counts Twenty through Twenty-Two, and paragraphs 3-7 of Counts Twenty-Three through Twenty-Seven, are incorporated here.

2. On or about February 28, 2001, in the Eastern District of Pennsylvania and elsewhere, defendant

GEORGE CAPELL

knowingly engaged in and attempted to engage in a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, the payment of \$75,000 towards the purchase of a 2001 Monaco Recreational Vehicle, VIN no.

1RF12061312011619, through check number 1048, drawn on Premier Bank account number 00-201807-5, and such property was derived from a specified unlawful activity, that is, wire fraud, in violation of Title 18, United States Code, Section 1343, and mail fraud, in violation of Title 18, United States Code, Section 1341.

In violation of Title 18, United States Code, Section 1957.

COUNT FORTY

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-4 and 6-10 of Counts One through Nineteen, and paragraphs 3-14 of Counts Twenty through Twenty-Two, and paragraphs 3-7 of Counts Twenty-Three through Twenty-Seven, are incorporated here.

2. On or about May 4, 2000, in the Eastern District of Pennsylvania and elsewhere, defendants

GEORGE CAPELL
and
PATRICK BUTTERY

knowingly engaged in and attempted to engage in, and aided, abetted, and wilfully caused, a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, the payment of \$60,000 to defendant **PATRICK BUTTERY**, through check number 1445, made payable to S.B., an individual known to the grand jury, and drawn on Fleet Bank MBNA account number 21200339, and such property was derived from a specified unlawful activity, that is, wire fraud, in violation of Title 18, United States Code, Section 1343, and mail fraud, in violation of Title 18, United States Code, Section 1341.

In violation of Title 18, United States Code, Sections 1957 and 2.

COUNT FORTY-ONE

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-4 and 6-10 of Counts One through Nineteen, and paragraphs 3-14 of Counts Twenty through Twenty-Two, and paragraphs 3-7 of Counts Twenty-Three through Twenty-Seven, are incorporated here.

2. On or about August 18, 2000, in the Eastern District of Pennsylvania and elsewhere, defendants

GEORGE CAPELL
and
PATRICK BUTTERY

knowingly engaged in and attempted to engage in, and aided, abetted, and wilfully caused, a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, the payment of \$35,000 to defendant **PATRICK BUTTERY**, through check number 1547, made payable to S.B., an individual known to the grand jury, and drawn on Fleet Bank MBNA account number 21200339, and such property was derived from a specified unlawful activity, that is, wire fraud, in violation of Title 18, United States Code, Section 1343, and mail fraud, in violation of Title 18, United States Code, Section 1341.

In violation of Title 18, United States Code, Sections 1957 and 2.

COUNT FORTY-TWO

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-4 and 6-10 of Counts One through Nineteen, and paragraphs 3-14 of Counts Twenty through Twenty-Two, and paragraphs 3-7 of Counts Twenty-Three through Twenty-Seven, are incorporated here.

2. On or about December 8, 2000, in the Eastern District of Pennsylvania and elsewhere, defendants

GEORGE CAPELL
and
PATRICK BUTTERY

knowingly engaged in and attempted to engage in, and aided, abetted, and wilfully caused, a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, the payment of \$40,000 to defendant **PATRICK BUTTERY**, through check number 1013, made payable to S.B., an individual known to the grand jury, and drawn on First Union Bank account number 31000503, and such property was derived from a specified unlawful activity, that is, wire fraud, in violation of Title 18, United States Code, Section 1343, and mail fraud, in violation of Title 18, United States Code, Section 1341.

In violation of Title 18, United States Code, Sections 1957 and 2.

NOTICE OF FORFEITURE

1. As a result of the violations of Title 18, United States Code, Section 1343, as set forth in Counts Twenty to Twenty-Two of this Indictment, the defendant

GEORGE CAPELL

shall forfeit to the United States of America any property that constitutes, or is derived from proceeds obtained directly or indirectly from the commission of such offenses, as charged in this Indictment, including, but not limited to:

1. the approximate sum of \$20,000,000;
2. 2000 Dodge Durango, VIN no. 1B4HS28N9YF153913;
3. 1967 Chevrolet Corvette, VIN no. 194677S111712;
4. 17.93 acres of property, located adjacent to the residence at 4970 Furham Road, Gardenville; and
5. 2001 Monaco Recreational Vehicle, VIN no. 1RF12061312011619.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided
without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b),
incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other
property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982(a)(2).

NOTICE OF FORFEITURE

1. As a result of the violations of Title 18, United States Code, Section 1957, set forth in Counts 36 to 42 of this Indictment, the defendant

GEORGE CAPELL

shall forfeit to the United States of America any and all property, real and personal, involved in such offenses, and any property traceable to such property, including, but not limited to:

- (a) the approximate sum of \$475,522.41;
- (b) 2000 Dodge Durango, VIN no. 1B4HS28N9YF153913;
- (c) 1967 Chevrolet Corvette, VIN no. 194677S111712;
- (d) 17.93 acres of property, located adjacent to the residence at 4970 Furham Road, Gardenville; and
- (e) 2001 Monaco Recreational Vehicle, VIN no. 1RF12061312011619.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982.

NOTICE OF FORFEITURE

1. As a result of the violations of Title 18, United States Code, Section 1343, as set forth in Counts Twenty to Twenty-Two of this Indictment, the defendant

PATRICK BUTTERY

shall forfeit to the United States of America any property that constitutes, or is derived from proceeds obtained directly or indirectly from the commission of such offenses, as charged in this Indictment, including, but not limited to, the approximate sum of \$20,000,000.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982(a)(2).

NOTICE OF FORFEITURE

1. As a result of the violations of Title 18, United States Code, Section 1957, set forth in Counts 40 to 42 of this Indictment, the defendant

PATRICK BUTTERY

shall forfeit to the United States of America any and all property, real and personal, involved in such offenses, and any property traceable to such property, including, but not limited to, the approximate sum of \$135,000.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982.

FOREPERSON

PATRICK L. MEEHAN
United States Attorney